

Section 11

Fraud Waste and Abuse

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Introduction

HPSM is committed to helping prevent, deter and detect fraud, waste and abuse (FWA) in our healthcare programs.

In order to help eliminate FWA in our programs, HPSM relies on its plan partners, including its network providers in identifying and reporting suspected FWA.

This section of the Provider Manual seeks to help provide guidance for providers and other plan partners in identifying and reporting FWA to HPSM.

Definitions

Fraud is generally defined as knowingly and willfully executing, or attempting to execute, a scheme or artifice to defraud any health care benefit program or to obtain (by means of false or fraudulent pretenses representations, or promises) any of the money or property owned by, or under the custody or control of, any health care benefit program. (18 U.S.C. § 1347).

Waste is overutilization of services or other practices that, directly or indirectly, result in unnecessary costs to the health care system, including the Medicare and Medicaid programs. It is not generally considered to be caused by criminally negligent actions, but by the misuse of resources.

Abuse includes any action(s) that may, directly or indirectly, result in one or more of the following:

- Unnecessary costs to the health care system, including the Medicare and Medicaid programs
- Improper payment for services
- Payment for services that fail to meet professionally recognized standards of care
- Services that are medically unnecessary

Abuse involves payment for items or services when there is no legal entitlement to that payment and the entity supporting HPSM (e.g. health care provider or supplier) has not knowingly and/or intentionally misrepresented facts to obtain payment.

Abuse cannot always be easily identified, because what is “abuse” versus “fraud” depends on specific facts and circumstances, intent, and prior knowledge, and available evidence, among other factors.

Examples of FWA

The different types of fraud costs State and federal taxpayers a lot of money. Below are types of fraud you may encounter.

Member/Beneficiary / Recipient

Most members are honest people who need quality health care. However, there are people who commit fraud or become involved in fraudulent schemes. The following are some types of possible member fraud:

- **Recipient Exceeds Income or Asset Requirement:** Occasions where a member does not report income or assets to their county worker.
- **Identity Theft:** Someone using another person's personal information to get Medi-Cal or Medicare benefits. Sometimes the person whose identity was stolen is not aware until they begin to receive mail from either program.

Provider

Most providers are honest in their billing practices and provide quality health care to their patients. However, a relatively small number of providers commit fraud directly or become involved in fraudulent schemes. The following are some types of known provider fraud:

- **Capping:** When an individual recruits and pays patients money or offers gifts in exchange to participate in the Medicare or Medi-Cal program. It is also illegal for an individual to receive payment or gifts to participate in the either program.
- **Balance Billing:** A provider charging a Medicare or Medi-Cal beneficiary for the difference between HPSM’s reimbursement rate and the customary charge for the service.

Provider Billing and Coding Issues:

Some of the most common coding and billing issues are:

- Billing for services not rendered
- Billing for services at a frequency that indicates the provider is an outlier as compared with their peers.

- Billing for non-covered services using an incorrect CPT, HCPCS and/or Diagnosis code in order to have services covered
- Billing for services that are actually performed by another provider
- Up-coding
- Modifier misuse, for example modifiers 25 and 59
- Unbundling
- Billing for more units than rendered
- Lack of documentation in the records to support the services billed
- Services performed by an unlicensed provider but billed under a licensed providers name
- Alteration of records to get services covered

Reporting FWA

If you suspect fraud, waste, or abuse with an HPSM member, service or provider, you must report it to HPSM and we'll investigate. Your actions can help to improve services and reduce costs for our members, customers, and plan partners.

To report suspected fraud, waste, or abuse, you can contact HPSM in one of these ways:

- **Phone:** 650-616-0050
- **Fax:** 650-829-2050
- **E-mail:** compliance@hpsm.org
- **Mail:** Health Plan of San Mateo
Attn: Compliance Department
801 Gateway Blvd., Suite 100
South San Francisco, CA 94080
- **Compliance Hotline:** 800-826-6762

You may remain anonymous if you prefer by calling the Compliance Hotline.

All information received or discovered by the HPSM's Compliance Department will be treated as confidential, and the results of investigations will be discussed only with persons having a

legitimate reason to receive the information (e.g., state and federal authorities, HPSM legal counsel, HPSM clinical reviewers and/or senior management).

You can also report FWA to the following agencies, depending on the program affected:

Medicare and Medi-Cal:

To report to the OIG:

- **Phone:** 800-HHS-TIPS (800-447-8477)
- **Online:** <https://forms.oig.hhs.gov/hotlineoperations>

Medi-Cal ONLY:

To report to the Bureau of Medi-Cal Fraud & Elder Abuse (BMFEA)

- **Phone:** 800-722-0432
- **Online:** <https://oag.ca.gov/bmfea/reporting>

To report to the Department of Health Care Services (DHCS)

- **Phone:** 800-822-6222
- **Online:** <http://www.dhcs.ca.gov/individuals/Pages/StopMedi-CalFraud.aspx>

Resources

Fraud Waste and Abuse (FWA) Training

First tier, downstream and related entities (FDRs) may develop and provide their own FWA training so long as it meets CMS requirements. If an FDR does not provide FWA training that meets CMS requirements and related CMS guidance and has not been “deemed” compliant, SCAN requires that FDRs’ employees take the CMS developed training which is accessible at the CMS Medicare Learning Network (MLN) at <http://www.cms.gov/MLNProducts>. For details on accessing the FWA training and education on the MLN website, select the link below or see the May 8, 2012, HPMS memo regarding Fraud, Waste and Abuse Training and Education Guidance

DHCS Helpful Hints & Resources

http://www.dhcs.ca.gov/individuals/Pages/ai_hints_res.aspx